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Erich Schneider: The Admiring Disciple who did not become a Follower

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Abstract:

Erich Schneider, by 17 years a junior of Schumpeter's, entered academics via a detour of teaching in a secondary school after obtaining his PhD in mathematics. Both his early teaching experience, and his background in mathematics exerted formative influences on his later work. No lesser figure than Schumpeter himself, whom he met while obtaining his academic teaching qualification at the University of Bonn, reportedly prophesised Schneider to become "the new preceptor of Germany". This provides noteworthy evidence of both Schumpeter's deep knowledge of human nature, and of the ironic side of his Viennese wittiness: while *praeceptor Germaniae* was an honorary title awarded by historians but to a few distinguished scholars of the middle ages, the term *praeceptor* had come to denote the rather modest position of adjunct teacher in grammar schools by the 19th century. Indeed, Erich Schneider was to dominate economics teaching during the first post-war decades in Germany through his four volume introductory textbook (1947-62), but he left little lasting imprint on economic theory. In essence, he worked on all 'big issues' of the 1930ies such as market forms or the theory of production, eventually ventured into management science, and became an ardent advocate of Keynesianism. However, he did not follow the trails of economic change and innovation as one might have expected given the academic guidance obtained from Schumpeter. The absence of mathematical language for the analysis of dynamic phenomena during his days must have kept the trained mathematician from delving into Schumpeterian matters. Thus, through all of his academic life, Erich Schneider stayed a loyal disciple of Schumpeter's, but cannot be considered a follower.

Life: meeting Schumpeter

Through a recently published study by Karl Häuser (2010) we dispose of a detailed and concise study of the life and work of Erich Schneider. This article aspires to complement Häuser's German article with a concentrated English account and a particular focus on the relationship to J.A. Schumpeter. Erich Schneider was born on December 14, 1900, that is almost exactly at the turn of the 19th to the 20th century, in the Prussian city of Siegen. After serving about half a year in the army of the *Central Powers* (German Empire, Austro-Hungarian Empire, Ottoman Empire, and the Kingdom of Bulgaria), he starts studying mathematics first in Giessen in late 1918,

later moving on to Frankfurt. There, he discovers the older writings of Pareto, Walras, Marshall, and Thünen (Bombach 1971:19-20) and the then recently published *Theoretische Sozialökonomie* by Gustav Cassel (Schneider 1969:158). It seems that these personal discoveries have served effectively as initiation for the study of economics. As early as 1922, Schneider receives a doctorate with a dissertation on “Debt, money, and its calculus” (Schneider 1923). As we will see from a review of Schneider’s later research, mathematics, neoclassical microeconomics, and money were to stay recurrent topics throughout his life. If we add to these an early interest in management studies and in the history of economic thought reported for his student years (Bombach 1971:20), we find that he hardly delved into other research areas ever after obtaining his PhD at age 21.

The need to make a living and some pressure from his father made him finally complete his courses in mathematics and obtain a teaching license for secondary education by 1924/1925 (Bombach 1971). Eventually, he was to make his living from teaching mathematics at a high school until his appointment to Aarhus University in 1936. During this period he cultivated his interest in economics and eventually started a correspondence with Schumpeter in Bonn that led to a long series of weekly meetings from 1929 until Schumpeter’s departure for Harvard in 1932 (Schneider 1964[1951]). While Schneider does not mention anything about this matter, Wolfgang Stolper in his Schumpeter biography reports that: “Erich Schneider [...] first met Schumpeter to teach him mathematics and then became Schumpeter’s protégé” (1994:69n.4). During these meetings Schumpeter advised on Schneider’s *habilitation* project. Drawing on his contemporary article “The Instability of Capitalism” (1928), Schumpeter encouraged Schneider to work on price formation under monopoly conditions. Recommending only the static part of this problem for study, we understand that Schumpeter obviously recognized both Schneider’s mathematical orientation and his strong preference for ‘exact’ solutions.

From some of the observations that Schneider made of his mentor we may infer on the observer’s own character and beliefs. In Schneider’s eyes Schumpeter represented the rare occurrence of a *genius* (Schneider 1964[1951]:463). For Schneider, this *genius* nature obviously sanctified a number of aspects that would otherwise have provoked open criticism. In that sense, we may read some of

Schneider's observations as implicit criticisms. For instance, he remarks that Schumpeter never prepared but a single page small format manuscript note for his lectures. He is startled that Schumpeter used to take these very note cards literally everywhere and even took notes during his lectures. Obviously, the Prussian protestant would always properly prepare his lectures, and would not indulge in any undue mingling of teaching and research. As no one but Schumpeter himself could read his shorthand writing, Schneider feels somewhat irritated about the farewell present that he received from his mentor when left for the US: it was Schumpeter's personal Cournot edition full of his very shorthand commentaries. Similarly, he finds Schumpeter's personal library rather small, and is astonished that Schumpeter did not even possess a copy of his own *Wesen and Hauptinhalt* at that time, a fact also acknowledged by Schumpeter in a 1936 letter (Schumpeter 2000:264).

After Schneider finalized his *habilitation* thesis on price formation in 1932, Schumpeter reportedly made use of his significant influence on the Bonn faculty to get Schneider approved in spite of a not too well received *defensio*:

As the members of the Bonn faculty were strongly influenced by the historical school and were acutely skeptical of mathematical methods, Schumpeter warned Erich Schneider not to use too much mathematical argument in the *defensio* lecture required for obtaining his teaching qualification. [...] When entering the venerable hall of the faculty [...], he [E. Schneider] was followed by two beadles that were rolling a blackboard into the hall. To the then historically oriented faculty this represented a unique incident, almost a provocation, in any case an entire *novum*, which some of the illustrious members of the faculty [...] received rather sniffishly [...].

[...] to win over his future colleagues, Erich Schneider tried to appease the audience with the introductory remark that [...] he would limit his argument to basic mathematics as taught in primary school. Hardly surprising, [...] his future colleagues took this remark as a particularly impertinent act.

(Külp 2007:24).

Wolfgang Stolper, at the time a student of Schumpeter in Bonn, recalls Schneider's subsequent inaugural lecture, and it seems, that little if at all did Schneider relax the weight of mathematical argument: "It dealt with some aspects of production theory. It was mathematical and seemed to the listeners a little like black magic" (1994:69n.4). Even after Schumpeter's departure for Harvard, Erich Schneider continued the correspondence with his mentor (Schneider 1964[1951]:462). Unfortunately, none of

Schumpeter's letters to Schneider is available in his collection of letters (2000), but one can evidence that Schumpeter was a loyal mentor to him. For instance, he recommended Schneider to the publisher Oskar Siebeck for an edition of Pareto's *Manuale* in 1929 (Schumpeter 2000:167), asked Haberler for support with the publication of an article of Schneider's in 1931 (ibid:197) and lobbied for publication of his habilitation in 1932 (ibid:205). Schumpeter likewise initiated Schneider's contact to Frederik Zeuthen in Denmark where Schneider stayed in 1933/34 on a Rockefeller grant (Häuser 2010:240).

When, in 1936, Schneider was offered a chair for managerial economics in Aarhus while still making his living from his teaching at a secondary school, Schumpeter strongly encouraged him to accept (Bombach 1971:14). Schneider followed Schumpeter's advice (Schäfer 2004) and spent some ten years in Denmark. The management orientation of the chair, and the formal neutrality of Denmark proved to be formative to Erich Schneider's further work. Through the orientation of the chair he was able to bridge the often-perceived gap between management and economics; when publishing a selection of his essays many years later, he chose a telling title: "Volkswirtschaft und Betriebswirtschaft" (lit: Economics and Management 1964). In turn, thanks to Denmark's relative openness to the world during the war Schneider was able to follow and participate in academic discussions going on in international journals. In summer 1944, Schneider was offered a chair at Kiel University. Given the political circumstances at that time this 'offer' amounted plainly to an 'order'. Schneider, however, managed to stay in Denmark until the end of the war by arguing that his term of notice in Aarhus was one year (Häuser 2010:242).

In early 1946, Schneider finally moved on to Kiel where he put strong emphasis on teaching (Bombach 1971:12), spending about 15 years on writing and editing a four-volume textbook (1947-1962). Right after his move to Kiel, Schneider got involved in the reestablishment of the *Verein für Socialpolitik* in 1948. Heading its *Ausschuss für Wirtschaftstheorie und theoretische Statistik* until 1962 (Schefold 2004:584, 594), he was also elected president of the *Verein für Socialpolitik* for a four-year term starting in 1963 (Schäfer 2004:54). In 1959/1960 he acted as president of the University of Kiel, and became director of the Kiel Institute for the World Economy in 1961. Until

his retirement in 1969) he notably organized a series of talks by high-profile economists such as Hicks und Hayek. Later Nobel laureate Jan Tinbergen was a frequent guest to the Institute (Bombach 1971:13). As Häuser notes, the significant responsibilities arising from Schneider's commitments at the University, the Institute and the *Verein* resulted in a marked drop in research output from mid 1950s (2010:24).

Little is known of Erich Schneider's private life. We know that he was an adept piano player (Bombach 1971:14). He got married in 1930 to Erna Daub; yet, the couple remained childless (Hagemann 2007). Thanks to Schumpeter's support Schneider obtained a Rockefeller grant for 1949/50. One of Schumpeter's Harvard assistants reports on visit of Schneider: "Dr. Schneider, a leading German economist of the day, followed Schumpeter around like a little puppy dog, in the fashion of European assistants to the master professor" (Allen 1991:II-226). 17 years after his habilitation, i.e., almost age 50, we may infer from this Schneider's admiration and respect for Schumpeter. Yet, to some extent Allen's observation – as he implicitly admits – might have been considerably colored by an American perspective on European manners. The same respect may have also kept Schneider from mentioning his tutoring of mathematics for his teacher Schumpeter that we have noted earlier.

After spending some time in Harvard, the Schneiders met again with Schumpeter to bid their farewell on January 7, 1950. During the following night Schumpeter suddenly died (Bombach 1971:21). Some 20 years later, Erich Schneider himself passed away during a public lecture in December 1970 (Schäfer 2004:57).

Works: all but economic development

It seems as if Erich Schneider always felt some obligation toward his mentor Schumpeter. After his term as president of the *Verein für Socialpolitik* had ended in 1966, he finalized an economics and business textbook for use in secondary education (1968a), a project once promised to Schumpeter in the early 1930s. Drawing on some fragments partially published in the pre-war period (Schneider 1925; Drenckhahn and Schneider 1931), he took up this 35-year-old project. For this secondary education economics textbook, Schumpeter had already written a foreword that Schneider has

made available as part of an obituary for Schumpeter published in *Économie appliquée* (Schneider 1964[1951]:464-467)¹. Similarly, briefly before his death Schneider rendered homage to his teacher by publishing a series of lectures on Schumpeter held at the *Katholieke Universiteit Leuven* (1970).

Yet, beyond keeping his promise and rendering homage to Schumpeter, Erich Schneider's work shows little if any influence from his Bonn supervisor. In fact, as we will see, Schneider's *oeuvre* comprehends literally all other theoretical fields from microeconomics, to Keynesian macroeconomics, from management science to public finance, and the history of economic thought.

Schneider's habilitation thesis *Reine Theorie monopolistischer Wirtschaftsformen* (1932) marks microeconomics as the first domain, from which the young scholar started off. Arguably one of the most-discussed topics in the 1930s, Schneider was able to contribute to the ongoing discussion, e.g., with a contribution to marginal productivity (1933a). His work became recognized by leading scholars who also referenced him in their writings (Tinbergen 1934:4, 18-19, 21-22; Hicks 1935:1, 4, 10, 13, 17; Stackelberg 1938:105-7, 124). It is also together with Stackelberg that Schneider establishes the *Archiv für mathematische Wirtschafts- und Sozialforschung* in 1935 (Hagemann 2007). His second monography *Theorie der Produktion* (1934b) casts his Bonn lectures into a coherent presentation of what Schneider himself labels as *Theorie der Momentanproduktion*, i.e., a static theory of production. With no lesser than Ragnar Frisch having reviewed the manuscript, one understands Bombach's appraisal of this work as a synthesis of Anglo-Saxon and Scandinavian currents in the theory of production and cost (Bombach 1971:16). The book was generally well received as a coherent presentation of existing theoretical approaches, but comes under attack for containing "little that is new, at any rate for those who have followed the gradual emergence of further refinements in this field" (Kaldor 1936:95).

With two last contributions to the topic of price formation in the light of perfect and imperfect markets (1938b) in general, and of the role of advertisement in particular (1939a), Schneider – teaching managerial economics in Aarhus since 1936 – started to concentrate on business-related problems. His first publication in the field was effectively a model for organizing the logistics of production and distribution

¹ For an unknown reason, however, Schneider did not include Schumpeter's foreword when finally publishing the textbook in 1968.

(1938a). Foreshadowing the post-war boom of *operations research*, the article was “rediscovered” in 1954:

“Much attention has been focussed on inventory control problems in this country in recent years by statisticians, economists, logisticians, and operations researchers. The author is aware of several instances where the discussion of these problems could have been substantially improved by knowledge of work completed by Professor Erich Schneider in 1938”

(Within 1954:329).

Following this rediscovery, Schneider’s 1938 article kept being cited for decades, even receiving credits (Danö and Jensen 1958) for anticipating key elements of a model proposed by Modigliani and Hohn (1955). Before this background one understands Bombach’s appraisal of the 1939 *Einführung in die Grundfragen des industriellen Rechnungswesens* (Schneider 1939b), as “a milestone for decision-oriented management studies” (Bombach 1971:17). Toward the end of his days in Aarhus, Schneider authors another textbook *Investering og Rente* (1951[1944]). Essentially an introduction to cost effectiveness analysis, the cited German translation of the Danish original appeared but in 1951.

Schneider’s turn from a theory of production to management studies might seem like a merely opportunistic move. Yet, the editor of the Italian edition of his *Theory of Production* makes an interesting suggestion where he notes: “after passing to press of the *Theory*, he [Schneider] turns [...] to the study of industrial accounting; in order to develop that discipline, by whose rules one may obtain the data needed for verifying and improving the theory of production”² (Di Fenizio 1942:33-34). Back then, Di Fenizio could still reasonably make this conjecture; not only had Schneider been involved with the *Econometric Society* right from its inception, but he had also actually made a first attempt at an empirical verification of his theoretical work (Schneider 1933b). However, as it turned out, Schneider did not try to empirically verify his writings any more after the 1942 publication of the Italian translation of his *Theory*. Naturally, neither Schneider nor his translator could anticipate the course of the war, or the challenges of reconstructing academic life in a post-war German

² The Italian original reads: “data alla stampa la *Theorie*, egli [Schneider] si rivolge [...] la sua attenzione [...] allo studio della contabilità industriale; ad approfondire quella disciplina cioè, secondo le cui norme s’ottengono [...] i dati necessari per verificare e migliorare la teoria della produzione”.

university. While we cannot provide evidence for Di Fenizio's hypothesis, we note it as one potential explanation for the turn in Schneider's research focus after 1936.

From 1943, Schneider starts working on macroeconomics with two Keynes-inspired articles on savings and investment (1943a), and on fiscal policy (1943b). According to Bombach, Schneider's works of that period deserve the merit of a synthesis of Keynes and the Swedish school. For instance, Schneider acknowledged the importance of Wicksell's work as a forerunner of Keynes (Bombach 1971:14). Schneider eventually turned into an enthusiastic Keynesian, effectively acting as a fervent advocate of the theory (compare Schneider 1952b), involving a series of publications in several languages (Häuser 2010:264, 269), and the buildup of a strong Keynesian followership in the *Theoretischer Ausschluß* (Schefold 2004:585).

A last domain that Erich Schneider ventures into is the History of Economic Thought. Other than an early article on Thünen (1934a) that continues to be cited as "a good biographical account" (Samuelson 1983:1469), it is only around the death of Schumpeter that Schneider starts to work intensively on the history of his discipline. Besides the works on Schumpeter that we will discuss below, Schneider made major contributions on Wicksell (1957b), Pareto (1962), and Gustav Cassel (1968b) as well as on a number of less well-known works by German scholars such as Hans von Mangoldt's 1863 contribution to price theory (1960).

Receptor and Preceptor

Summarizing Erich Schneider's scientific oeuvre from what we have reviewed so far, we may conclude that he has been actively receiving current trends in economic theory all through his academic career. While his focus changed from market forms and price theory in the 1930s to macroeconomics from the 1940s onward, his general scientific orientation remained unchanged and might be characterized best as a mathematical-theoretical one. Rather than significant own theoretical contributions, Erich Schneider deserves the merit of having synthesized the ongoing discussions into coherent summaries. This is particularly true for his two early monographs *Reine Theorie monopolistischer Wirtschaftsformen* and *Theorie der Produktion*.

However, Kaldor's early cited criticism of „containing little new“ may be extended to most of Schneider's other works. Yet, as is also acknowledged by Kaldor,

Schneider's summarizing syntheses represent most valuable readings for familiarizing with the respective theoretical fields. In this sense, Schneider's achievements correspond closely to Schumpeter's reported prophecy as *preceptor Germaniae*. In essence, the base for excellence in teaching consists of the following: receiving the latest scientific discussion, synthesizing it into a consistent form, and eventually reprocessing it into textbook materials. It is fair to say that Erich Schneider has made extraordinary achievements in all three steps of this process.

Schneider's activities in this area culminate with the four parts of his textbook *Einführung in die Wirtschaftstheorie* written between 1947 and 1962. While the 120 pages of part one (1947) offer a basic introduction to national accounting, part two (1949) represents a detailed introduction to microeconomics and also includes a section on cost effectiveness analysis based on earlier works from Schneider's Danish period. In turn, part three (1952) introduces Keynesian and Scandinavian macroeconomics. Part four (Volume I, 1962) essentially represents a reader in the history of economic thought covering Quesnay, Marx, Böhm-Bawerk, Smith, Ricardo, Mill, Cournot, Thünen, Gossen, Menger, Jevons, Walras, as well as the historical school, and a separate chapter on Alfred Marshall. When Schneider died in 1970, he was still working on the second volume of this fourth part. The *Einführung* proved an exceptionally effective textbook and "dominated German economics until the late 1960s" (Hagemann 2003:50). Owing in part to his personal network, it became translated into seven languages (Schäfer 2004) including Spanish, French, and even Japanese (1965). Two years before his death Schneider has published his last textbook *Balance of Payments and Foreign Exchange* (1968c) which has been lauded for its pioneering effort to include original language sources (Binswanger 1971).

Schumpeter's reception of Schneider

In terms of citations, it is fair to say that Schumpeter's reception of Schneider's works was close to nil: we cannot find but a very few references: two in *Business Cycles* (1939:57, 476), and three in the *History of Economic Analysis* (1954b:466, 1028, 1043); all but one are not to be found in the main text, but in footnotes only. While one can infer from this that Schumpeter at least knew Schneider's *Theorie der Produktion* and his article on *Thünen* in addition to his habilitation thesis, one might

be inclined to conclude from this that Schumpeter did not deem Schneider's writings worth of being mentioned. However, this would be essentially wrong. Rather, there were not many opportunities to do so. As a matter of fact, Schumpeter has had a strong interest in the theory of market forms and price formation at the time when he first met with Schneider in 1929 as evidenced by his contemporary article on the subject-matter (1928). But with Schumpeter's growing interest in business cycles after the onset of the Great Depression (1930, 1931), his move to Harvard (1932), and his increasing involvement with the *Econometric Society* (1933), there was hardly any overlap in research interests any more.

Schumpeter appreciated Erich Schneider's outstanding teaching skills in mathematics and endorsed Schneider's view that economics teaching would need a far more thorough training in mathematical methods. In a 1933 letter to Henry Schultz, another founding father of the *Econometric Society*, Schumpeter complains about the low level of mathematical training of his Harvard students and suggests establishing a respective academic association. To substantiate his proposition, Schumpeter points to Schneider's experiences: "Dr. Schneider has in Germany made experiments of that sort in a Gymnasium and met with very great success: all his youngsters of fourteen and fifteen constructing demand curves furiously after a few weeks" (2000:238). Acknowledging this kind of enthusiasm we may understand why Schumpeter has prophesized the role of future *praeceptor Germaniae* for Schneider.

Schneider's reception of contemporary Schumpeter

Given the diverging fields of interest of Schumpeter and Schneider after 1932, the latter ceases to reference the work of his mentor for almost two decades. Already in his *habilitation* thesis, citations were few, and referred to two works only: Schumpeter's 1927 introduction to a translated article of Wicksell's in the *Archiv für Sozialwissenschaft und Sozialpolitik* and Schumpeter's 1928 article *The Instability of Capitalism*. What is more, the selection and context of references seem to indicate that Schneider was preoccupied with substantiating his choice of static analysis through Schumpeter's writings. For instance, when discussing bilateral monopolies by means of static analysis, Schneider cites the following observation from Schumpeter's above-mentioned introduction: "Periods of time during which the two parties can be

considered as being given can be found quite frequently” (compare Schneider 1932:59)³. He then uses this observation to substantiate the meaningfulness of his choice of analytical focus.

Only when Schneider himself turns to the history of economic thought in the early 1950s, he starts to reference his mentor’s work again and cites Schumpeter’s views on scholars such as Keynes, Walras, Wicksell, Cassel, and Thünen, both in his scholarly work (compare 1952c, a, 1957a, 1959), and in the fourth part of his post-war textbook (1962). As Schneider himself has almost never ventured into the field of economic dynamics, it is hardly surprising that he almost never cites Schumpeter’s *Theorie der wirtschaftlichen Entwicklung*. However, there is one short article on economic growth, in which Schneider explicitly acknowledges the Schumpeterian perspective: *Einige Bemerkungen zur Theorie des wirtschaftlichen Wachstums* (1961). In this article, Schneider distinguishes four perspectives on economic development: a) specific developments as economic history, b) economic development in general, c) conditions for economic growth in general, d) conditions for steady-state growth in particular. Citing from *Die Entwicklung*, Schneider not only acknowledges that Schumpeter’s focus is on *Type-b* development, but also contends that no insights for Schumpeterian development can be drawn from perspectives c) and d). This corresponds closely to the distinction between operant and generic level of economic development that can be found in recent evolutionary economic theory (Dopfer et al. 2004; Dopfer and Potts 2008).

Schneider’s *opus magnum*, his post-war textbook *Einführung* (1947-52), contains hardly any reference to Schumpeter. However, there is a notable exception: the second part on microeconomics contains a section on the meaning of the terms *statics* versus *dynamics*, and *stationary* versus *evolutionary* (1953[1949]:190-96). For these, Schneider notes: “both stationary and evolutionary phenomena may be subjected to a static as well as to a dynamic analysis” (1953[1949]:194). From this quote, we understand that Schneider, the mathematician and admirer of the likes of Pareto and Walras, was entirely aware of the Schumpeterian dimension of development that he did not dare to explore. It is deplorable that he did not develop this brief textbook sketch into a full-blown piece of research. It is most likely that it would have become a much appreciated and cited work in heterodox economics.

³ The German original reads: “Intervalle, für welche die beiderseitigen Organisationen als fest betrachtet werden können, sind überhaupt häufig”.

Schneider's reception of Schumpeter as history, and later reception thereof

Immediately after Schumpeter's death, Schneider commits to publishing all of Schumpeter's German language articles. To that end he joins forces with Arthur Spiethoff, another former colleague of Schumpeter at Bonn University. Between 1952 and 1954 the duo edits three collections of articles: on economic theory (1952), on sociology (1953), and on the history of economic thought (1954a). As they note in the preface to the first volume, budget constraints made them exclude "numerous small casual works on contemporary current affairs"⁴. In spite of this bibliographical incompleteness (that was compensated for through three volumes edited by W.F. Stolper and C. Seidl many years later⁵), the three Schneider-Spiethoff volumes continue representing an important source for researchers of the history of economic thought.

By editing these volumes, not only has Schneider fostered significantly the reception of Schumpeter's work in German-speaking countries, but he also has published himself a number of texts on Schumpeter's life and work including two obituaries (1950b, 1964[1951]), two articles (1951, 1950a), and a collection of lectures (1970). As becomes obvious from a review of Schneider's writings on Schumpeter, his view is much informed by his own perspective, effectively rendering us "Schneider's Schumpeter". Even without any explicit statements, he likens early Schumpeter's enthusiastic reception of Walras to his own experience around 1920⁶: "*Wesen und Hauptinhalt* rather emanates the spirit of Lausanne than that of Vienna" (Schneider 1950a:169, transl. G.D.B.). Similarly, Schneider stresses Schumpeter's own business experience and his openness towards economic theory as derived from business practice. For instance, he cites Schumpeter's positive 1910 assessment of I. Fisher's capital theory where it originates from business accounting (1950a:176). This again, obviously, seems colored by Schneider's own decade of business studies in

⁴ The German original reads: "zahlreiche kleine Gelegenheitsaufsätze zum Zeitgeschehen".

⁵ Schumpeter, J.A. (ed.) 1985. *Aufsätze zur Wirtschaftspolitik*. Tübingen: J.C.B. Mohr (P. Siebeck);
Schumpeter, J.A. (ed.) 1992. *Politische Reden*. Tübingen: J.C.B. Mohr (P. Siebeck);
Schumpeter, J.A. (ed.) 1993. *Aufsätze zur Tagespolitik*. Tübingen: J.C.B. Mohr (P. Siebeck)

⁶ The German original reads: "Sein *Wesen und Hauptinhalt* atmet mehr den Geist von Lausanne als den von Wien".

Denmark where he always tried to combine insights from business studies, i.e., from cost effectiveness analysis, into microeconomics.

The references that Schneider selects let Schumpeter frequently stress the importance of mathematical argument. For instance, both articles and the collection of lectures on Schumpeter start with noting Schumpeter's first 1906 article the *Über die mathematische Methode der theoretischen Ökonomie* (1950a:169; 1970:11; 1951:104). Even in his other works, Schneider always stresses Schumpeter's remarks on the importance of mathematics, citing, e.g., from the opening volume of *Econometrica* (compare Schneider 1952c:110).

This latter Schneiderian perspective of Schumpeter is received but not shared by some scholars from the heterodox camp, such as Swedberg who rejects Schneider's view of Schumpeter's *oeuvre* as being strongly influenced from his 1906 study "on the mathematical methods of theoretical economics" (1991b:66; 1991a:22). Yet, there is also agreement with Schneider's view of the mathematical orientation of the early Schumpeter within the heterodox camp: "To the disapproval of some members of the Austrian school [...] Schumpeter had originally started out in his habilitation thesis [...] with a review of the contemporaneous equilibrium theories of Cournot, Walras, Edgeworth, Pareto, Marshall, and Fisher—in an obvious attempt to distinguish himself from the received teachings in Vienna" (Witt 2002:11n.4). And also, there are significant voices that value Erich Schneider's view on Schumpeter as the product of a German-speaking scholar who was able to dig deeper into Schumpeter's early (German) works. For instance, he minutely records the inspiration that Schumpeter took from J.B. Clark and G.W.L. Taylor in two articles preceding *Die Entwicklung* and provides a concise summary of their contents. It is for this intimate knowledge of sources that his work on Schumpeter is still being valued in the 21st century: "we might ask how far we have advanced beyond the stage of knowledge Schneider provided us fifty years ago with regard to Schumpeter's German work" (Shionoya 2004:416).

The Erich Schneider to remember

In his personal relation to Schumpeter, Erich Schneider may well be portrayed as loyal disciple. Unlike Emil Lederer who as a classmate became friends with Schumpeter (compare Hagemann 2012, in this issue), the much younger Schneider

always kept a respectful distance to Schumpeter acknowledging him as his master. Besides being one important witness of Schumpeter during his Bonn days and at some instances in the late 1940s, the academic relationship Schumpeter-Schneider proves difficult to characterize. One of Erich Schneider's students gives the following description: "essentially, we cannot detect any traces of Austrian thought in Schneider's works despite his admiration [for Schumpeter]" (Schäfer 2004:55).

However, while Erich Schneider's theoretical homeland admittedly was neoclassical, and later Keynesian economics, a careful review of his writings reveals that he was fully aware of the nature and relevance of the problems raised in Schumpeter's *Entwicklung*, which he acknowledges as "Schumpeter's greatest achievement" (1950a:178). In doing so he cites a note of Schumpeter's "that the phenomenon of economic development cannot (yet) be captured in mathematical terms" (1970:22, transl. G.D.B.). As this note was arguably still valid when Schneider edited his Schumpeter lectures, we have a clue as to the question why the mathematician and theoretician Schneider never endeavored to work on the problems that Schumpeter has outlined in the second part of his 1928 article *The Instability of Capitalism*.

In this late Schumpeter lectures, we can also identify an instance where Schneider's interpretation of a statement of Schumpeter's provides evidence that Schneider also recognized the limitations of his own deductive theoretical approach. Reporting how Schumpeter claimed at the 1949 National Bureau Conference that "those ups and downs [...] of investment expenditure are themselves only a surface phenomenon and that we must see behind it" (cited in Schneider 1970:71), Schneider comments on this as "an effort to illustrate the limits of [deductive] theoretical analysis, and to stress that [deductive] theory is a necessary, yet not a sufficient instrument for the explanation of economic reality".

In the light of these findings, it seems necessary to complement the conclusion drawn by Schneider's student (Schäfer 1999, 2004) to include a notion of Schneider as one of the few mainstream scholars who was not only fully aware of the significance of the Schumpeterian dimension of economic development, but who also acknowledged the limitations of neoclassical theory, and the need for a history-friendly methodology (Schefold 2004:585). Until this broader perspective on Erich Schneider becomes known to a larger public, he will continue to be remembered

particularly for his merits as an academic teacher (Häuser 2010). Schumpeter's praise of "Dr. Schneider's experiments" is joined by that of Fritz Machlup who notes: „Schneider shows himself as one of the master-teachers of our time“ (1953:400).

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